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RHEHNSC/NSC WASHDC PRIORITY  
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C O N F I D E N T I A L JERUSALEM 000986

SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR  
GOLDBERGER/SHAMPAIN/ACHAR; NSC FOR ABRAMS/PASCUAL;  
TREASURY FOR ROSE  
DEPT PLEASE PASS TO USAID FOR ANE/MEA:MCCLLOUD/BORODIN

E.O. 12958: DECL: 06/09/2013  
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SUBJECT: PA RECEIVES REVENUE TRANSFER; PAYS CIVIL SERVANTS

REF: TEL AVIV 1205

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

11. (SBU) Palestinian Authority (PA) Ministry of Finance officials confirm receipt on June 10 of 180 million NIS (USD 55 million) in tax clearance revenue from the GOI, the transfer of which had been delayed for nearly a week (reftel). Following receipt of the revenue transfer, the PA paid civil servants in the West Bank and Gaza. PA workers report long lines at banks and ATMs but confirm payment of monthly salaries plus 1,000 NIS of any outstanding salary arrears.

12. (C) Ministry of Finance officials report that the amount transferred reflects a unilateral GOI deduction of an additional 70 million NIS (USD 21 million) on top of the agreed deduction of 112 million NIS to cover payment for ongoing electricity, hospital and water service. PA officials understand the additional deduction to be intended to pay down debt owed to the Israel Electric Company (IEC). Prime Minister Fayyad told the Consul General that he had agreed to this additional deduction from the July transfer, but that the GOI unilaterally brought it forward to this month. Comment: The GOI gave the PA no explanation for this step, but PA officials widely believe it was intended as a response to PM Fayyad's recent letters to EU and OECD Ministers objecting to upgraded ties with Israel.

13. (SBU) The amount transferred June 10 therefore reflects approximately 362 million NIS (USD 110 million) of tax clearance revenue collected by the GOI during April 2008, minus:  
-- 70 million NIS for ongoing electricity service,  
-- 30 million NIS for hospital services,  
-- 12 million NIS for ongoing water supply, and  
-- 70 million NIS to pay down debt to IEC.

WALLES